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# **Exhibit 3**

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

MILLAGROS IMPORTS LIMITED, a	)	07-CV-3215 (SHS)
New York corporation,	)	
	)	
Plaintiff,	)	ECF CASE
	)	
v.	)	
	)	
PROGRESS VANTAGE LIMITED,	)	
A foreign corporation,	)	
	)	
Defendant.	)	

**PLAINTIFF'S [PROPOSED] AMENDED ANSWER TO DEFENDANT'S  
COUNTERCLAIM**

Plaintiff answers Defendant's counterclaim herein as follows:

**AS TO THE ALLEGATIONS SUPPORTING ALL COUNTERCLAIMS**

39. Answering Paragraph 39, Milagros acknowledges that PVL seeks the relief stated in Paragraph 39 in connection with its counterclaims, but denies that PVL is entitled to any of the relief sought. Milagros denies all remaining allegations in Paragraph 39.

**AS TO THE PARTIES**

40. Milagros admits the allegations in the first sentence of Paragraph 40. Milagros lacks information sufficient to admit or deny the allegations in the second sentence of Paragraph 40, and therefore denies the same.

41. Milagros admits the allegations in Paragraph 41.

**AS TO THE JURISDICTION AND VENUE**

42. Milagros admits that the Court has subject matter jurisdiction over this case, but denies the remaining allegations in Paragraph 42.

43. Milagros admits the allegations in Paragraph 43.

**AS TO THE FACTUAL ALLEGATIONS SUPPORTING THE COUNTERCLAIMS**

44. Milagros lacks information sufficient to admit or deny the allegations in Paragraph 44 and therefore denies them.

45. Milagros lacks information sufficient to admit or deny the allegations in Paragraph 45 and therefore denies them.

46. Milagros lacks information sufficient to admit or deny the allegations in Paragraph 46 and therefore denies them.

47. Milagros lacks information sufficient to admit or deny the allegations in Paragraph 47 and therefore denies them.

48. Milagros lacks information sufficient to admit or deny the allegations in Paragraph 48 and therefore denies them.

49. Milagros lacks information sufficient to admit or deny the allegations in Paragraph 49 and therefore denies them.

50. Milagros lacks information sufficient to admit or deny the allegations in Paragraph 50 and therefore denies them.

51. Milagros admits the allegations in the first sentence of Paragraph 51. Milagros denies the allegations in the second sentence of Paragraph 51.

**As To The Formation of Milagros**

52. Milagros denies the allegations in Paragraph 52.

53. Milagros denies the allegations in Paragraph 53.

54. Milagros denies the allegations in Paragraph 54.

55. Milagros denies the allegations in Paragraph 55.

56. Answering Paragraph 56, Milagros states that PVL loaned Milagros \$25,000, which has been repaid in full. Milagros denies all remaining and different allegations in Paragraph 56.

57. Milagros denies the allegations in Paragraph 57.

58. Milagros denies the allegations in Paragraph 58.

59. Milagros denies the allegations in Paragraph 59.

60. Milagros admits the allegations in Paragraph 60.

61. Milagros denies the allegations in Paragraph 61.

62. Milagros denies the allegations in Paragraph 62.

63. Answering the first sentence of Paragraph 63, Milagros admits that the BETTA mark was affixed to footwear manufactured by PVL for Milagros, but denies all remaining or different allegations in Paragraph 63. Answering the second sentence of Paragraph 63, Milagros admits that certain packaging for Milagros products bears the phrase “distributed by Milagros Imports Ltd.”, but denies all remaining or different allegations in Paragraph 63.

64. Milagros denies the allegations in Paragraph 64.

65. Paragraph 65 refers to correspondence between the parties. Milagros denies the incomplete characterization of the referenced correspondence and therefore denies the allegations in Paragraph 65.

66. Paragraph 66 refers to correspondence between the parties. Milagros denies the incomplete characterization of the referenced correspondence and therefore denies the allegations in Paragraph 66.

67. Milagros denies the allegations in Paragraph 67.

68. Answering the second sentence of Paragraph 68, Milagros admits that the BETTA mark is "Milagros' BETTA mark." Milagros denies all remaining or different allegations in Paragraph 68.

69. Milagros denies the allegations in Paragraph 69.

70. Milagros denies the allegations in Paragraph 70.

71. Answering the first sentence of Paragraph 71, Milagros admits that Irene Torres visited Hong Kong in November 2003. Answering the second sentence of Paragraph 71, Milagros admits that PVL paid for Ms. Torres' accommodations. Milagros denies all remaining or different allegations in Paragraph 71.

72. Milagros denies the allegations in Paragraph 72.

73. Milagros denies the allegations in Paragraph 73.

74. Milagros denies the allegations in Paragraph 74.

75. Milagros denies the allegations in Paragraph 75.

76. Milagros denies the allegations in Paragraph 76.

**As To The Controversy with Neet Feet.**

77. Milagros admits the allegations in Paragraph 77.

78. Milagros admits the allegations in Paragraph 78.

79. Milagros denies the allegations in the first sentence of Paragraph 79. Paragraph 79 refers to correspondence between the parties. Milagros denies the incomplete characterization of the referenced correspondence and further denies the remaining allegations in Paragraph 79.

80. Milagros denies the allegations in Paragraph 80.

81. Milagros denies the allegations in Paragraph 81.

82. Answering Paragraph 82, Milagros states that it did not require Mr. Gray's authorization to use the BETTA mark in the United States. Milagros denies all remaining or different allegations in Paragraph 82.

83. Milagros denies the allegations in Paragraph 83.

84. Milagros denies the allegations in Paragraph 84.

85. Milagros denies the allegations in Paragraph 85.

86. Answering Paragraph 86, Milagros states that it has opposed PVL's fraudulent attempt to register the BETTA mark in the United States. Milagros denies all remaining or different allegations in Paragraph 86.

**As To Milagros Continues to Use the BETTA Mark Without Authorization**

87. Milagros lacks information sufficient to admit or deny the allegations in Paragraph 87 and therefore denies the same.

88. Milagros denies the allegation in Paragraph 88.

89. Milagros admits the allegations in Paragraph 89.

90. Milagros denies the allegation in Paragraph 90.

91. Milagros denies the allegation in Paragraph 91.

**AS TO THE FIRST COUNTERCLAIM**  
**(Declaratory Judgment)**

92. Answering Paragraph 92, Milagros incorporates by reference its responses to all allegations in prior paragraphs.

93. Milagros lacks information sufficient to admit or deny the allegations in Paragraph 93 and therefore denies the same.

94. Milagros lacks information sufficient to admit or deny the allegations in Paragraph 94 and therefore denies the same.

- 95. Milagros denies the allegations in Paragraph 95.
- 96. Milagros denies the allegations in Paragraph 96.
- 97. Milagros denies the allegations in Paragraph 97.
- 98. Milagros denies the allegations in Paragraph 98.

**AS TO THE SECOND COUNTERCLAIM**  
**(Trademark Infringement)**

99. Answering Paragraph 99, Milagros incorporates by reference its responses to all allegations in prior paragraphs.

- 100. Milagros denies the allegations in Paragraph 100.
- 101. Milagros denies the allegations in Paragraph 101.
- 102. Milagros denies the allegations in Paragraph 102.

**AS TO THE THIRD COUNTERCLAIM**  
**(New York Common Law Trademark Infringement)**

103. Answering Paragraph 103, Milagros incorporates by reference its responses to all allegations in prior paragraphs.

- 104. Milagros denies the allegations in Paragraph 104.
- 105. Milagros denies the allegations in Paragraph 105.
- 106. Milagros denies the allegations in Paragraph 106.

**AS TO THE FOURTH COUNTERCLAIM**  
**(Breach of Contract)**

107. Answering Paragraph 107, Milagros incorporates by reference its responses to all allegations in prior paragraphs.

- 108. Milagros denies the allegations in Paragraph 108.
- 109. Milagros denies the allegations in Paragraph 109.
- 110. Milagros denies the allegations in Paragraph 110.

111. Milagros denies the allegations in Paragraph 111.

**AS TO THE FIFTH COUNTERCLAIM**  
**(Unjust Enrichment)**

112. Answering Paragraph 112, Milagros incorporates by reference its responses to all allegations in prior paragraphs.

113. Milagros denies the allegations in Paragraph 113.

114. Milagros denies the allegations in Paragraph 114.

115. Milagros denies the allegations in Paragraph 115.

116. Milagros denies the allegations in Paragraph 116.

Milagros denies that PVL is entitled to any of the relief set forth in its prayer for relief.

**AFFIRMATIVE DEFENSES**

1. PVL's counterclaims fail to state claims upon which relief may be granted;
2. PVL failed to mitigate its alleged damages;
3. PVL's counterclaims are barred, in whole or in part, by the doctrines of estoppel, waiver, laches and/or unclean hands;
4. PVL's counterclaims are barred, in whole or in part, because it has no rights in the United States to the mark BETTA;
5. PVL's counterclaims are barred, in whole or in part, because PVL committed fraud in attempting to obtain a United States federal registration for the BETTA mark;
6. PVL's counterclaims are barred, in whole or in part, because Milagros has fully performed all of its obligations, contractual or otherwise, to PVL; and
7. PVL's counterclaims are barred, in whole or in part, pursuant to the statute of frauds.

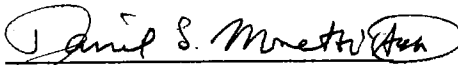


WHEREFORE, plaintiff respectfully requests judgment dismissing defendant's counterclaim together with its costs and disbursements incurred in connection with defending against said counterclaim.

Dated: New York, New York  
March 5, 2008

Respectfully submitted,

LANDMAN CORSI BALLAINE & FORD P.C.

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